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United States  
Department of Agriculture  
Foreign Agricultural Service

# Foreign Agriculture

January 1988

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**Projecting Export Markets  
Into the 21st Century**



## Marketing News

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### APA To Conduct Marketing Program in United Kingdom

To promote U.S. timber frame housing to a wide audience in the United Kingdom, the **American Plywood Association (APA)** is heading a marketing campaign which will feature a "Street of Dreams" project of six model homes near London. The homes will be erected and displayed in conjunction with a leading British building firm.

"This is an excellent opportunity to unite U.S. wood systems with British architectural styles, and to show firsthand the merits of timber frame construction to the British public," said APA President T. Robison.

The program was launched last fall with a mass-media contest asking British consumers questions regarding the benefits of timber frame construction. Six contest winners will become "design advisors" and each will have an opportunity to help design an "ideal wood frame home" of up to 2,000 square feet. Winners will be sent to the United States to view contemporary wood housing systems and designs.

U.K. consumers learned about the program through publicity and advertising on national television, daily newspapers and leading monthly consumer magazines. Construction of the "Street of Dreams" is scheduled to begin this spring, with the finished homes open for viewing in the fall of 1988. Cooperators with APA on the project will be the **Western Wood Products Association**, the **Southern Forest Products Association** and the **U.S. Hardwood Export Trade Council**.

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### U.S. Meat Promoted During Fall Event in Japan

Thousands of Japanese consumers tasted U.S. meat, participated in promotional activities and heard presentations on the attributes of U.S. meat last fall during the **U.S. Meat Export Federation's (MEF)** U.S. Meat Month. The event culminated MEF's first Targeted Export Assistance (TEA) promotional campaign in Japan.

U.S. Meat Month included gourmet buffets of U.S. beef and pork dishes, attended by over 900 trade members and consumers, and consumer seminars explaining the attributes of U.S. beef and pork. The Federation also distributed a book to Japanese consumers explaining U.S. beef and pork production, breeding, feeding and research as well as meat preparation.

Hundreds of department store and restaurant promotions were conducted, including the opening of a "meat shop within a shop" to sell only U.S. meat. The shop is a cooperative venture between the Mitsukoshi department store and Colonial Beef. It features steaks, hamburgers, beef patties and barbecue-flavored short ribs, as well as sliced beef for traditional dishes of yaki-niku and sukiyaki, and a U.S.-style pork cut.

The Federation sponsored classes on cooking with U.S. meat which featured a recipe booklet. It also distributed the MEF Meat Cookbook featuring U.S. beef and pork recipes.

Meat consumption, particularly of beef, is increasing in Japan. A recent survey conducted by MEF of 700 consumers found that while approximately 70 percent said they wanted to buy U.S. beef, only 30 percent had tasted or bought it before. The survey also found that of the 30 percent that had bought U.S. meat, only 7 percent said the purchase was made at a local meat shop—including the limited access that most Japanese have to U.S. meat in their daily lives.

The Federal expects that promotions such as U.S. Meat Month will expose more Japanese consumers to U.S. meat, increasing market opportunities there.

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## Planning for the 21st Century: Where the Markets Will Be



For U.S. agricultural exporters, it's not too soon to start planning marketing strategies for the 21st century. What countries have the best potential of emerging as major buyers of U.S. agricultural products over the next 12 years?

**Foreign Agriculture** asked Dewain Rahe, director of the Foreign Agricultural Service's Trade and Economic Information Division, to summarize the longer term outlook for U.S. agricultural exports, based on such indicators of potential demand as population, economic growth rates and foreign exchange positions.

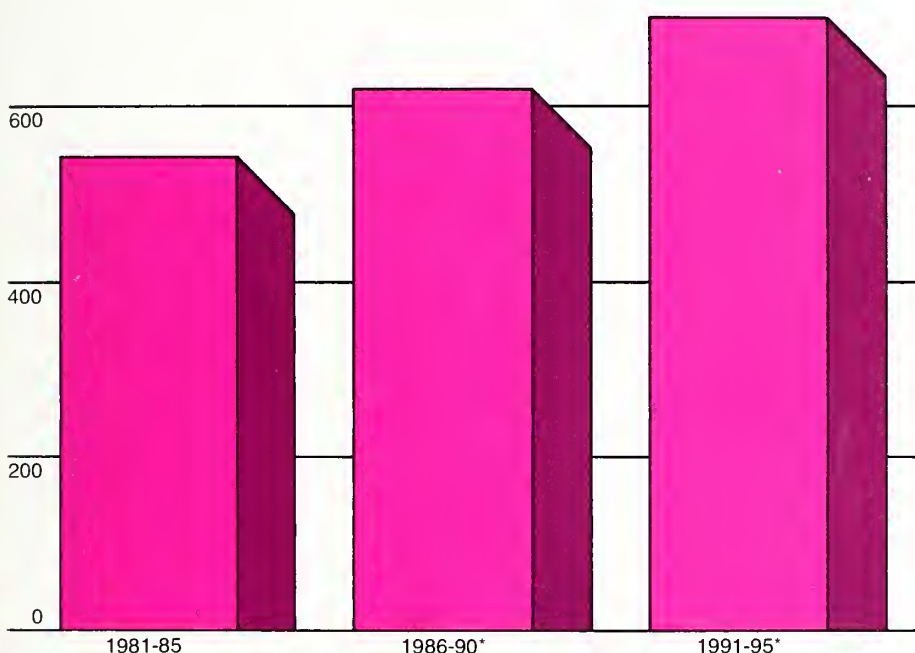
**Foreign Agriculture:** What do you see as the overall outlook for world demand for U.S. agricultural products through the rest of this century? Do you envision exports going up, staying the same, or declining?

**Rahe:** The United Nations celebrated the birth of the world's 5 billionth person last year. By the end of this century, population experts say the world will have 6 billion people. When you think about this in terms of trade, it means that in another decade, we'll have a 20-percent increase in the potential market for U.S. agricultural products—just from population gains alone.

## Past Trends Suggest Further Sizeable Gains in World Agricultural Trade

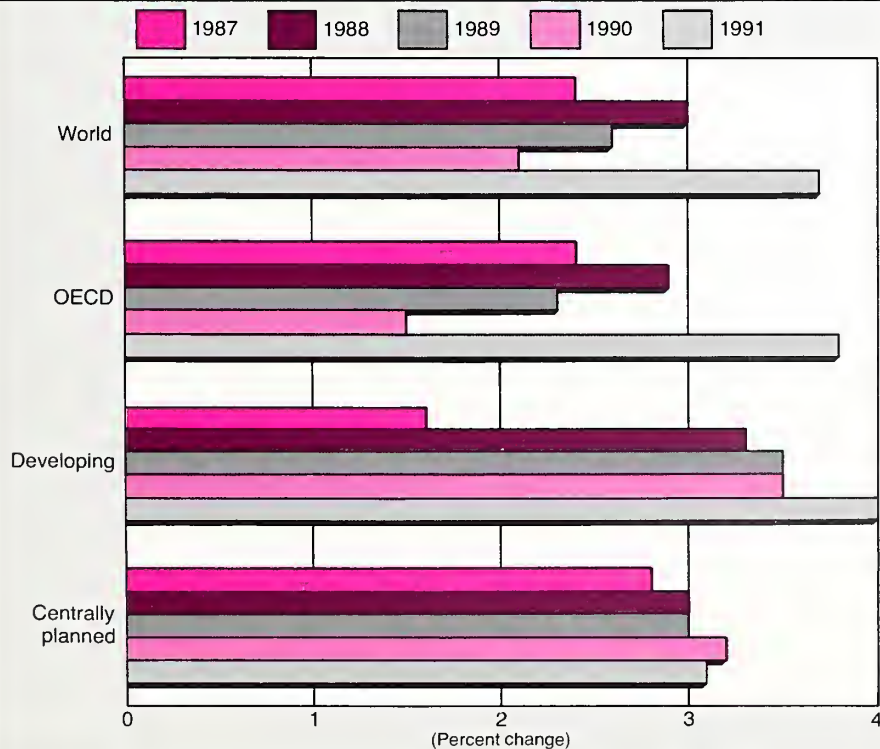
(Million metric tons)

800



\*Estimated.

## Slow but Steady Economic Growth Foreseen Outside Developed World



On top of that, most economic forecasters are expecting continued, although slow, growth in the world's gross national product over the next few years. When people have more money to spend, they frequently spend it on more or higher quality food products.

Overall, I think we can anticipate a fairly sizable expansion in foreign demand for agricultural products over the next 10 or 12 years.

### FA: How much of this expanded market is the United States likely to capture?

**Rahe:** Certainly we are in a strong competitive position right now. The U.S. dollar is down nearly one-third from the recent high in March 1985. This decline is making U.S. products much more competitive in the international marketplace.

U.S. farm programs also have lowered prices for many of our key agricultural commodities. If our prices stay competitive, we will be in a good position to expand sales.

Finally, the shift in the U.S. position from a creditor to a debtor nation also could serve to bolster our agricultural exports. Countries with a surplus of U.S. dollars are going to spend those dollars at some point. What better way to spend those dollars than on U.S. agricultural products—especially if they are available at competitive prices because of our farm programs and the value of the dollar. All this does not mean to imply that U.S. exporters can expect to have the world market handed to them on a silver platter. They're still going to be facing a lot of competition in the marketplace—and how well they do in expanding sales is going to depend a lot on how well they market their products.

They have to make sure their customers know about product availability and quality. They may have to do a better job of customizing U.S. products to the needs of foreign consumers. But the potential for growth is certainly there.



## Countries With Big Trade Surpluses May Try To "Buy American"

Country	Trade Deficit			U.S. Share of Ag Imports 1986	Avg. Annual Growth U.S. Ag Exports 1981-86
	1986	Jan-July 1986	Jan-July 1987		
	(\$ Bil.)	(\$ Bil.)	(\$ Bil.)	(Percent)	(Percent)
Japan	59.1	35.4	33.13	28	-3.25
West Germany	15.5	9.3	9.6	4	-13.74
Canada <sup>1</sup>	15.0	9.9	7.5	53	-5.37
Taiwan <sup>2</sup>	14.7	8.1	10.5	50	1.51
South Korea	6.9	3.8	5.3	40	-7.94
Hong Kong	6.0	3.2	3.3	11	.86
Italy	5.8	3.5	3.2	4	-10.71
Mexico	5.3	3.2	3.4	69	-10.87
United Kingdom	4.7	2.9	2.1	4	-9.42
Switzerland	3.1	2.2	1.0	4	-13.92
France	3.1	2.0	1.8	3	-10.54
Brazil	2.9	2.2	1.9	30	-9.82
Sweden	2.6	1.8	1.9	5	-1.50
Indonesia	2.4	1.6	1.5	20	-17.50
Nigeria	2.1	1.3	1.6	13	-17.91
Venezuela	1.9	1.2	1.3	56	-7.66
China	1.6	.7	1.8	1	-61.85
Singapore	1.5	.8	1.1	5	-7.87
Algeria	1.4	.8	.9	14	2.31
Denmark	1.0	.6	.5	4	-7.17
Thailand	.9	.6	.6	17	-12.15
Ecuador	.9	.5	.3	55	-6.44
India	.8	.5	.7	7	-27.31
Malaysia	.7	.4	.6	6	-5.9
Israel	.6	.4	.4	33	-5.31
Philippines	.6	.4	.3	50	-4.96
Angola	.6	.4	.6	10	-8.02
Colombia	.6	.3	.5	28	-7.02
Finland	.5	.3	.3	3	-13.57
Romania	.5	.3	.3	16	-20.90

<sup>1</sup>Based on U.S. Bureau of the Census data which are not adjusted for under reporting by U.S. exporters—U.S. share of agricultural imports based on Canadian import data.

<sup>2</sup>1985 market share.

**FA:** If you were an exporter and you were mapping out a long-term market development program, what countries or regions would you focus on?

**Rahe:** It depends mostly on the product you have to sell. I think if I were a producer of high-value products, I would continue to look very closely at Western Europe, Japan and the newly industrialized, export-oriented countries—such as Taiwan, Korea and Hong Kong.

These latter countries have run up big trade surpluses with the United States. Now they can be expected to make a concerted effort to "Buy American" in the years ahead, to make sure they have continued access to our market for industrial products.

Import demand for agricultural products in the newly industrialized countries has much the same potential to "take off" as happened in Europe after World War II. The newly industrialized countries of the Pacific Rim are already achieving the fastest economic growth rates in the world.

A couple of other areas to keep an eye on are the oil-exporting nations and countries oriented toward tourism.

If oil prices increase, the oil-exporting nations are apt to become good growth markets for high-value products once again. Granted, some of these countries aren't heavily populated—especially in the Middle East—but they can be big buyers, as they have proven in the past.

Also, tourist-oriented economies will tend to keep up their imports of high-value foods simply to keep their visitors happy.

For the bulk commodities, I think the areas that will provide the most growth over the next five years will be the developing countries.

The population pressure in these countries alone suggests they are going to need to import sizable amounts of agricultural products.



**FA: What is the economic situation in these developing countries? Are they still bedeviled by a debt crisis?**

**Rahe:** The developing world—where 80 percent of the potential customers for U.S. agricultural products live—is making progress on stabilizing its debt situation.

We're already seeing improvement in the debt situation of oil-exporting nations such as Mexico and Venezuela. The increase in petroleum prices is helping them out of their financial straits. In fact, we see Mexico once again becoming one of our biggest agricultural customers in the next five years.

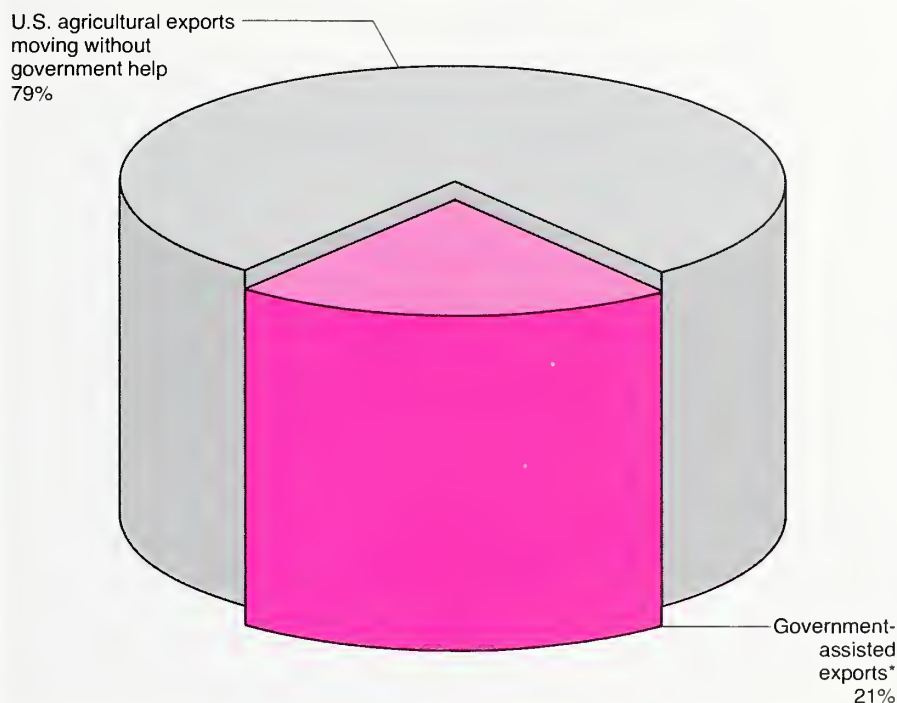
Developing countries which are commodity-oriented still are having problems with debt. Weak international prices for many of the items these countries sell are restricting their earnings—and consequently their ability to work their way out of their debt problems.

There's no doubt that credit is going to continue to be the name of the game in selling to many developing countries. The United States has provided an average of \$2.5 to \$3 billion annually in credit guarantees in the past few years. These guarantees help assure U.S. lenders of repayment in case their foreign customers default or reschedule their debt.

**FA: What about the push for self-sufficiency in the developing countries? Isn't this apt to cut down on U.S. agricultural exports?**

**Rahe:** If U.S. products remain available at current, very reasonable prices on the world market, developing countries are

## Government Aids One-Fifth of U.S. Sales; Help Will Remain Important



\*Includes P.L. 480, credit guarantee and export enhancement programs.

going to be forced to take a long, hard look at just how much of their scarce resources they want to devote to achieving self-sufficiency.

The economic success of the newly industrialized countries in the Pacific Rim—which have chosen to devote their resources to building export-oriented industries rather than struggling to achieve self-sufficiency in food production often on marginal lands—may set an example which other nations will follow. Indeed, I think in the future we may see more of the growing demand for food met through trade than in the past.

Also, as countries climb up the development ladder, they may find it necessary to shed some of their ideologies and doctrines about the need for self-sufficiency in the interest of meeting the growing expectations of their consumers for a better life style.

In India for example, I understand that there is a large and growing middle class which is clamoring for more food products and higher quality foods.

**FA: The world supposedly is on the brink of another technological revolution in agriculture—this time the result of genetic engineering. What impact will this revolution have on our export prospects?**

**Rahe:** We are at the point where we could see some spectacular leaps in agricultural production. Nevertheless, we are facing some sizable increases in population at the same time—so I don't think U.S. farmers and exporters should feel threatened by the new technologies on the horizon.

After all, the question really is: How readily can these new technologies be adopted in other countries?

In the past, many technological developments could be adopted fairly easily. But when you get into gene splitting and some of the more esoteric things we're talking about nowadays, it's going to take an agricultural society that is highly trained and that is supported by a very large research and development program to realize the full potential.

And that's the U.S. farm community. We have a highly educated agricultural labor force with lots of practice in adopting new technologies. I certainly don't expect us to lose our competitive advantage from the new things coming on stream.

**FA: You haven't mentioned the centrally planned countries yet. What's the outlook for U.S. agricultural exports to these nations?**

**Rahe:** In these countries, it's not the macroeconomic factors which determine imports; it's government policies.

Certainly, on the basis of population growth and economic progress and consumer desires for a better standard of living, we could anticipate that the centrally planned countries might be importing more in the future.

China singlehandedly accounts for one-fifth of the world's consumers so the course it chooses to take on imports is going to have a big impact on world trade in the 21st century.

For a while in the 1980s, China was a fairly big importer. It has since cut its imports considerably.

If the Chinese government pursues a policy that allows greater movement of the Chinese people to the cities and into nonagricultural industries, there may be a

need for imports of bulk agricultural commodities to feed this increasingly urban population.

Later, as Chinese consumers acquire more purchasing power, we could see them consuming more livestock products, more fruits, more vegetables. Some of these items will be grown in China. But some of them may be imported.

Down the road, macroeconomic factors suggest that China could easily become a major market for high-quality fresh and processed food products.

If the move to more liberal economic policies in such centrally planned economics as China is not impeded or stopped, we could be at the beginning of a sharp continued rise in demand for food products that will carry well into the 21st century.

As far as the Soviet Union is concerned, that country has purchased \$15 to \$20 billion worth of agricultural products from all sources since the late 1970s. U.S. exports to the USSR have varied from a low of \$500 million to a high of nearly \$3 billion in the past decade.

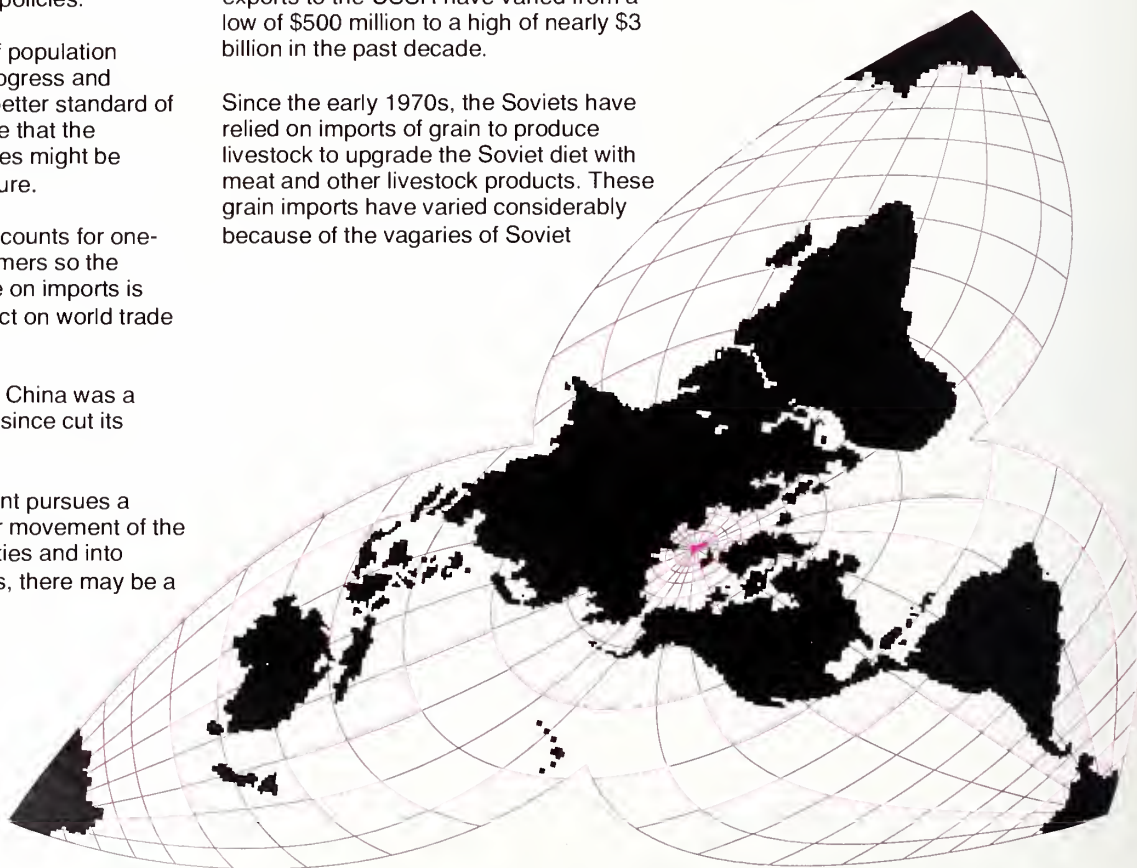
Since the early 1970s, the Soviets have relied on imports of grain to produce livestock to upgrade the Soviet diet with meat and other livestock products. These grain imports have varied considerably because of the vagaries of Soviet

weather, which have led to big swings in that country's domestic grain production. The U.S. share of Soviet Union grain imports has dropped sharply since the 1980 grain embargo.

The Soviet Union's recent change in policy to provide more incentives to producers and to encourage more intensive agriculture could affect the future level of imports significantly.

In the short run, these changes will probably have a positive impact on Soviet output. However, what they imply for the long term will depend a great deal on the way Soviet agriculture is reorganized to take advantage of these additional incentives and also on some relaxation of centralized control over the Soviet production and marketing systems.

Even with optimal organization and incentives, the Soviet Union will probably continue to need large agricultural imports at times because of the vulnerability of its agriculture to uncertain climatic conditions. ■





# International Trade Shows Offer Contact Point for U.S. Exporters

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For many U.S. exporters and companies involved in selling food products overseas, the International food show is an excellent avenue for establishing long-term contacts in world marketing.

On tap for 1988 are 20 major international trade exhibitions at the crossroads of the world's modern trading routes. Nine shows are set in Europe, seven in Asia, and four others at Bahrain, Buenos Aires, Melbourne and Vancouver.

In addition, about a dozen shows—including five annual events also listed for 1988—are already on the 1989 calendar.

A brief glance at the rising curve for U.S. exports of high-value agricultural products adds significance to sales opportunities found at trade shows where convenience food, in all its many packagings, is the standard fare.

In calendar 1976, high-value exports accounted for 28 percent of total U.S. agricultural export earnings. By 1986, this share had jumped to 42 percent and was expected to reach about 50 percent in 1987.

## Space Is Limited at Food Shows

Because display space at trade shows is very tight, exhibit booths are assigned on a first-come, first-served basis. So you must plan early.

The Foreign Agricultural Service (FAS) can help clear the hurdles for participating in trade shows. FAS handles the U.S. national pavilions at major international exhibitions. FAS can help with obtaining a booth, advance publicity, product shipment and customs clearance.

Three shows on tap for 1988 typify what international trade shows are like and what they offer potential U.S. food exporters.

## Largest Trade Show in Asia

FOODEX '88 is the largest food and beverage exhibition in Asia. Scheduled March 8-12 in Tokyo, it is the premier showcase for introducing food products into the sophisticated Japanese market.



## International Food Show Calendar

Exhibit/City	Products	Date
HORECAVA, Amsterdam	Food & Beverage	Jan. 4-7, 1988
ISM, Cologne	Confectioneries	February 1988
MEFEX '88, Bahrain	Food & Equipment	Feb. 27-Mar. 2, 1988
ALIMENTARIA, Barcelona	Food & Beverage	March 1988
HELFEX, Birmingham, U.K.	Health Food	March 6-7, 1988
FOODEX '88, Tokyo	Food & Beverage	March 8-12, 1988
TAIWAN '88, Taipei	Food & Beverage	March 16-19, 1988
Kaohsiung, Taiwan	Food & Beverage	March 24-25, 1987
U.S. FOOD SHOW, Hong Kong	Food & Beverage	April 5-6, 1988
VINITALY, Verona	Wine	April 8-13, 1988
GASTRONORD, Stockholm	Food & Beverage	April 12-15, 1988
FOOD N HOTEL Asia, Singapore	Food & Beverage	April 13-16, 1988
MIAD, Milan	Confectioneries	May 7-11, 1988
HOFEX, Hong Kong	Food & Beverage	May 24-27, 1988
KORFOOD, Seoul	Food & Beverage	May 27-31, 1988
HEALTH FOOD, Stockholm	Health Food	September 1988
FOODFEST, Hong Kong	Food, Beverage, Equipment	Sept. 28-Oct. 1, 1988
FIDA '88, Buenos Aires	Food	October 1988
FOOD PACIFIC '88, Vancouver	Food, Beverage, Equipment	Oct. 1-4, 1988
AIFE, Melbourne	Food & Beverage	Oct. 10-13, 1988
SIAL, Paris	Food & Beverage	Oct. 17-21, 1988
HORECAVA, Amsterdam	Food & Beverage	Jan. 3-6, 1989
IFE '89, London	Food & Beverage	March 1989
FRUITS N GREENS, Singapore	Horticultural Products	March 2-5, 1989
SAUDI FOOD, Riyadh	Food & Beverage	March 6-10, 1989
FOODEX '89	Food & Beverage	March 1989
TEMA '89, Copenhagen	Food & Beverage	April 16-20, 1989
NASDA, Boston	Food, Drinks, Nursery Prod.	May 14-19, 1989
HOFEX '89, Hong Kong	Food, Beverage, Equipment	May 24-27, 1989
KORFOOD, Seoul	Food & Beverage	June 1989
HEALTH FOOD, Stockholm	Health Food	September 1989
ANUGA, Cologne	Food & Beverage	October 1989

Last year, some 64,000 visitors to FOODEX sampled food products from 25 nations. The United States had the fourth largest exhibit, after Italy, France and the Netherlands.

U.S. exhibitors reported a significant increase in on-site sales. Average sales per booth rose to nearly \$65,000 from \$51,000 the year earlier. Total on-site reached to about \$2.5 million, with 12-month sales estimated at \$61 million. Particularly strong performers at the show were raisins, pecans, poultry products and beef.

The increased value of the yen against the dollar continues to favor U.S. sellers in this lucrative market.

## SIAL's Turn in European Spotlight

This year will be SIAL's turn in the European trade spotlight. SIAL, properly titled the Salon International de l'Alimentation, is staged every other year in Paris.

The show is scheduled on an alternating basis with the huge ANUGA trade show in Cologne, West Germany.

The 13th biennial SIAL is set for October 17-21, 1988, at the Paris-Nord Exhibition Center. The last show in 1986 drew nearly 90,000 visitors, representing all facets of the food trade, from 130 countries.

In all, 3,665 companies—1,950 French firms and 1,715 foreign firms—displayed products from 69 countries. There were 52 national pavilions on hand.

The United States has maintained a strong presence at SIAL. Last time, the U.S. pavilion consisted of 50 booths, with more than 100 organizations represented.

## Hong Kong Hosts Three Shows

In 1988, Hong Kong plays host to three international trade shows: the U.S. Food Show, April 5-6; HOFEX, May 24-27; and FOODFEST, September 28-October 1.

HOFEX is Hong Kong's largest exhibition for the hotel, food, drink and catering industries. Last year's show attracted more than 8,000 trade visitors from 30 countries. Hong Kong ranks as a major entrepot and regional operations center for trading throughout Asia.

The 1988 HOFEX will concentrate on three Pacific markets—Hong Kong, China and the Philippines.

For more information on these and other trade shows listed in the accompanying box, contact the High-Value Products Division, FAS, U.S. Department of Agriculture, Room 4649-S, Washington, D.C. 20205. Tel. (202) 447-3031. ■



# Papua New Guinea Is Small but Expanding Market

January 1988 11



By Peter Kurz

Papua New Guinea is a small but expanding market for U.S. exporters. The nation grows too little produce to meet local demand and imports almost all food, creating a promising market for exporters looking toward the future.

Larger than California, Papua New Guinea occupies the eastern half of the island of New Guinea and includes several islands in the Bismarck Archipelago in the Coral Sea.

In 1986, U.S. exports to Papua New Guinea reached \$1.2 million. Rice was the leading export. Beverages, canned foods and other edibles also were popular. Demand is strong for apples, oranges, polyunsaturated vegetable oils, canned juices, canned fruits, canned vegetables, canned snacks, canned pet foods, wine, liquor and frozen beef.

The U.S. Meat Export Federation will visit the country in 1988 to study its viability as

a market for U.S. meats and to consider trade servicing requirements.

## Level of U.S. Exports Fluctuates

The level of U.S. exports to Papua New Guinea has fluctuated from year to year since stable trade patterns have not been established.

The country's principal suppliers are Australia, Singapore and New Zealand. Bulk and processed meat come from Australia and France. Many foods exported from Singapore have been transshipped from the United States. U.S. suppliers doing business in Singapore often use third parties to sell their goods in small regional markets.

Because of the country's abundance of natural resources, some analysts speculate that in less than a decade it will be the principal oil exporter of Southeast Asia. That, coupled with a population of 3.6 million people growing at 2.2 percent each year, could translate into demand for more and varied foods.

## Processed U.S. Foods Are Popular in Papua New Guinea

Item	Value
Rice	\$420,000
Beverage bases	333,684
Pizza, gelatin, frosting	183,406
Coffee extracts	105,033
Dried eggs	55,117
TV dinners, K-rations	33,275
Wine	32,056
Sherry, Marsala	27,948
Fresh apples	16,100
Sugar, syrups	5,770
Corn chips/sticks	5,198
Pancake flour, mixes	5,003
Infant formula, dried milk	4,800
Sponges, roots, leaves, bark	4,348
Spices, spice seeds	3,609
Other	14,184
<b>1986 Total</b>	<b>\$1,249,531</b>

Currently, exporters shipping small quantities in mixed container loads have the most potential for tapping Papua New Guinea's market.

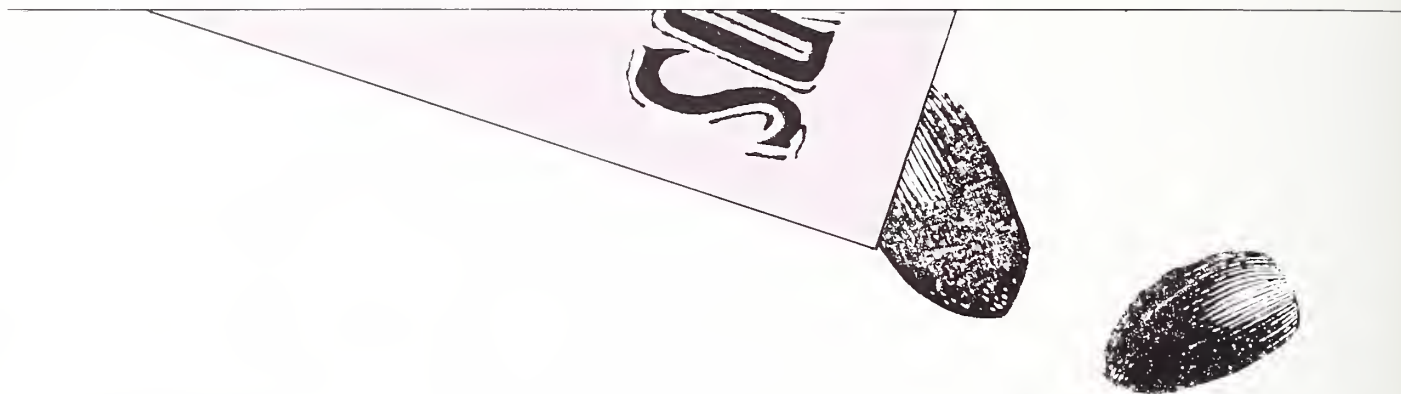
## Ports are Key to Trade

No roads connect coastal cities, and there are few roads in the interior. However, shipping is well established. The country has many ports, the largest of which is Port Moresby. The second largest, Lae, further north, is on a direct shipping line from the U.S. West Coast.

Because of limited transportation, supermarkets, open air markets and other centers of food distribution are important. One outlet for U.S. products is the Cut-Price Supermarket in Port Moresby, owned by a Singapore company that ships U.S. products. The store carries food products from many countries, suggesting varied demand and keen competition in this market. ■

*The author is the agricultural trade officer in Singapore.*

# U.S. Seeds Are Sowing Record Export Sales



**By Loyd Coonrod**

Exports of U.S. planting seeds in 1986/87 continued the record-setting pace of the past five years. Those little nuggets of germ plasm racked up big gains as other countries turned to the United States for seeds for forage and turf, vegetables, beans, flowers, corn and sorghum.

Since 1981/82, exports of U.S. seeds have climbed by more than 29 percent. U.S. seed sales during the 1987 marketing year (July-June) continued that trend, rising 3.2 percent to \$374.3 million.

Export figures point out some interesting trends in overseas planting patterns. For example, Italian farmers are planting more soybean seed at the expense of corn. And somebody out there loves salads because radish seed shipments continue to grow faster than any other vegetable seed.

## The Big Five

Five countries—Italy, Mexico, Japan, Canada and France—accounted for roughly half of all U.S. seed sales in 1986/87, with Italy the No. 1 buyer. Ten countries were responsible for just under 71 percent of total sales.

Italy was the largest U.S. planting seed market with purchases of \$57.7 million or 15 percent of the total. Italian farmers divided their purchases between field corn seed (\$13.9 million), soybean seed (\$15.7 million), vegetable seed (\$11.1 million) and forage and turf seed (\$7.0 million).

Mexico was the second largest market, accounting for \$41.1 million (11 percent of sales). Major seed categories included vegetable seed, forage and turf seed, field corn seed and grain sorghum seed.

Japan, the third largest market for U.S. seeds, bought \$39 million worth of vegetable and forage and turf seeds. That made up 10 percent of U.S. sales.

## EC Is Top Regional Market

Exports to the European Community (EC) totaled \$144.4 million, up almost 6 percent over the previous year. Two of the top five and four of the top 10 country markets are EC members.

EC farmers were primarily interested in purchasing soybean seed. Shipments to the EC climbed 110 percent to \$17.2 million. Other sales included forage and turf seed (up 32 percent to \$17.6 million) and vegetable seed (up 16 percent to \$47.1 million).

Exports of field corn seed to the EC fell one-third to \$37.2 million and were the main cause of the decline in total field corn seed exports.

## Vegetable Seeds Are Top Export

Vegetable seed exports, which account for the largest sector of U.S. seed sales (37 percent), increased 10 percent to \$137.4 million. The largest market was Japan which took \$16.6 million worth of total U.S. vegetable seed exports.

After Japan came Mexico (\$15.7 million), the Netherlands (\$15.6 million) and Canada (\$11.0 million). The top five vegetable seed exports remained the

same as the previous marketing year—beans, peas, sweet corn, tomato and watermelon. But the greatest increase in the vegetable seed class was in radish seed exports: up by nearly half in value to \$6.3 million and a third in volume to 2,352 tons.

Together, forage and turf seeds make up the second largest category of U.S. seed exports. Whether for livestock lunches or golfers' greens, forage and turf shipments climbed 36 percent to \$81.6 million. Canada was the largest market, accounting for \$14.0 million or 17.2 percent of the total.

Japan was next with \$13.1 million, followed by Saudi Arabia at \$10.3 million. Exports to Saudi Arabia increased 237 percent over the previous year because of a new Saudi policy to improve and expand local pastures. By volume, shipments to both Japan and Saudi Arabia exceeded shipments to Canada.

In the forage and turf class, alfalfa seed ranked first in exports by value, totaling \$29.5 million. Saudi Arabia accounted for over one-fifth of sales.

Sudan grass exports climbed 66 percent mainly due to a surge in exports to South Korea, which usually does not import sudan grass. It is unclear whether the shipments listed as sudan grass to South Korea were actually of sudan grass or a sudan/grain sorghum cross.



Exports of clover seed were mixed, with ladino clover increasing 40 percent by value and the other two listed classes declining an equal amount.

Tall fescue seed exports were up 43 percent to \$2.5 million while "other" fescue seed was down 9 percent—a reversal from a year ago. Ryegrass seed export results also were mixed with the annual type up 24 percent in value and the perennial type down 7 percent.

Kentucky bluegrass seed and bentgrass seed also showed hefty increases. Kentucky bluegrass seed exports were up 52 percent in volume and value to 2,588 tons and \$6.4 million. Bentgrass seed exports climbed 29 percent in value and 21 percent in volume to \$4.8 million and 2,284 tons, respectively.

#### **Soybeans Are This Year's Celebrities**

Soybean seed exports were the highlight of the marketing year, increasing 69 percent in value and 64 percent in volume to \$26.9 million and 53,296 tons, respectively.

By far, Italy was the largest market, buying 32,828 tons valued at \$15.7 million, as farmers there switched increasingly to soybeans from corn. Turkey and Mexico also were big soybean seed purchasers, with shipments valued at \$3.9 million and \$3.3 million, respectively.

But the positive news about Italian purchases contrasts sharply with a policy development that may affect U.S. exports to the European Community over the next two to three years. Early last year, the EC revised its rules governing certification of certain imported seed, including soybean seed.

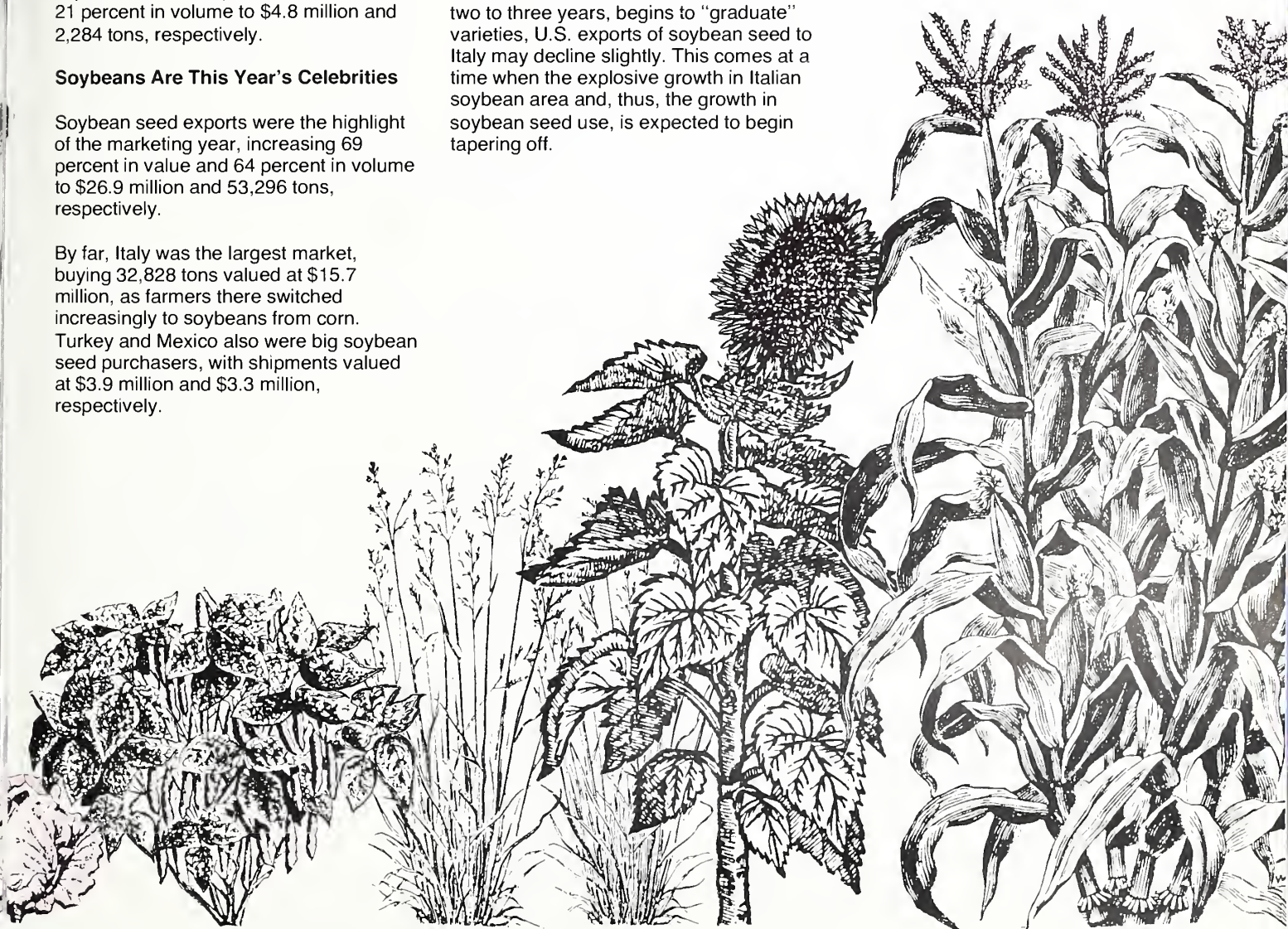
As of July 1, 1987, in compliance with EC requirements, Italy is importing only soybean varieties listed in the EC's Common Catalog or in an additional list of varieties that have completed trials in Italy.

Some varieties already are being tested for certification. Testing will begin this fall for others. Until the process, which takes two to three years, begins to "graduate" varieties, U.S. exports of soybean seed to Italy may decline slightly. This comes at a time when the explosive growth in Italian soybean area and, thus, the growth in soybean seed use, is expected to begin tapering off.

#### **Flower Seed Exports Blooming—A Bit**

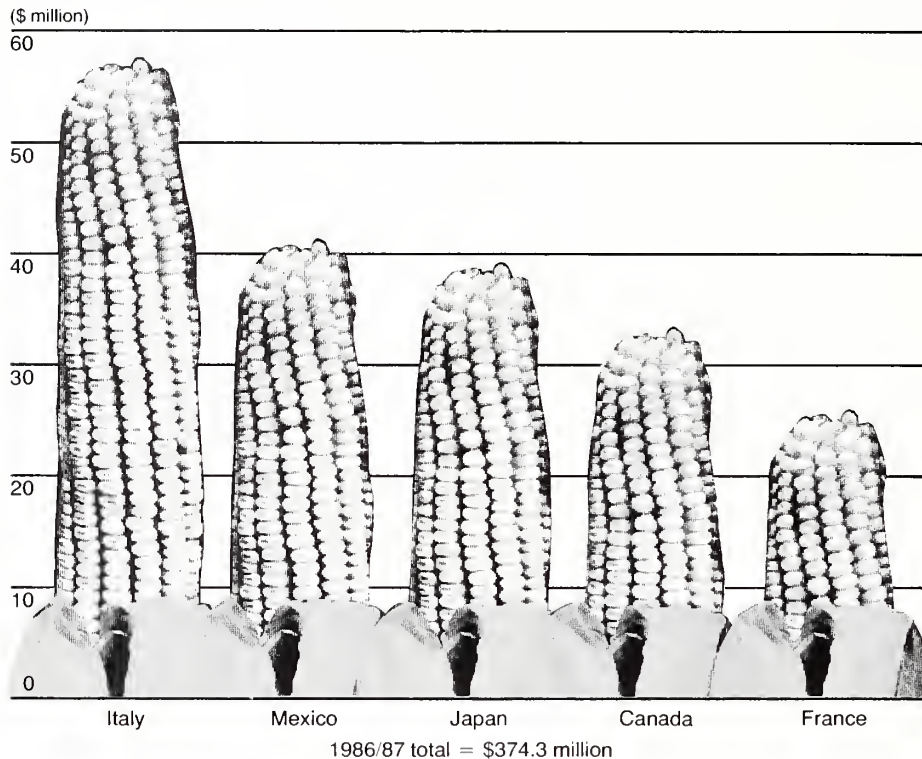
Flower seed exports increased slightly in value to \$8.2 million. France, a country known for its love of flowers and perfume, was the largest market, importing \$1.6 million worth. Following France was the Netherlands (\$986,000), Canada (\$928,000) and West Germany (\$515,000).

Tree and shrub seed exports in 1986/87 were disappointing, showing declines in both value and volume. The one bright spot was in China, which is the largest market for tree and shrub seeds and has an aggressive afforestation program.





## Italy Is No. 1 U.S. Seed Market



Chinese purchases registered a 161-percent increase over the year before.

West Germany slipped to second place after a 42-percent decline in receipts. Shipments to France also fell sharply.

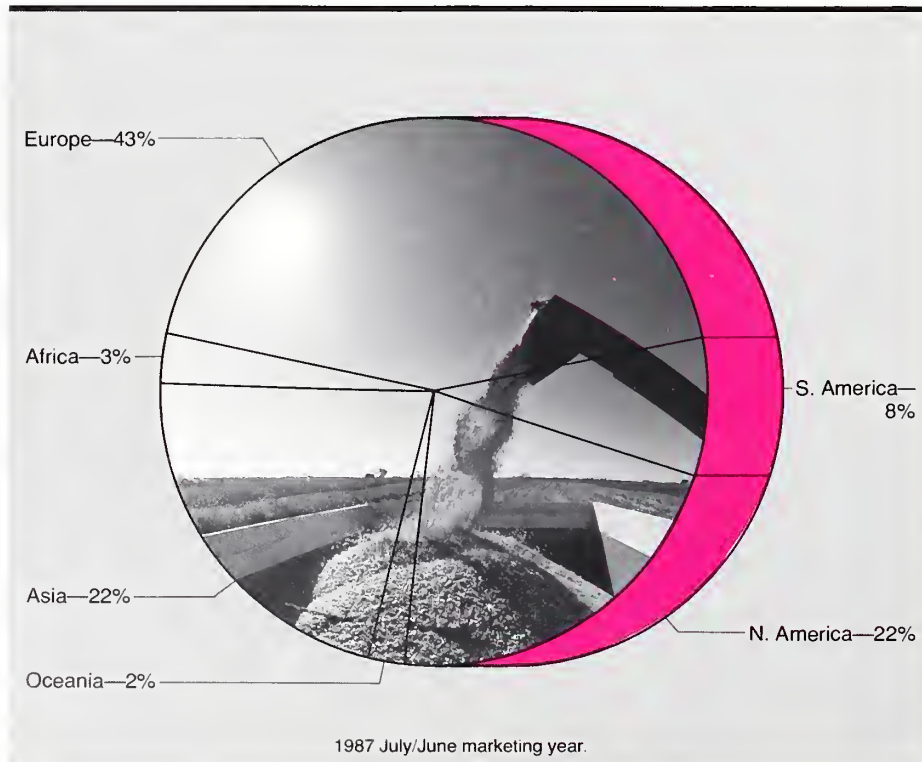
## Corn Sales Slowing

Field corn seed exports fell 33 percent by value and 20 percent by volume to \$59.3 million and 32,451 tons. More countries decreased the value of their purchases than increased them.

The volume of field corn seed exports declined in 1986/87 because in the previous two marketing years a few countries entered the corn seed market temporarily. The value declined because a number of important corn seed customers chose to purchase less costly seed.

The largest U.S. field corn seed market this year was Italy, although shipments declined 15 percent in value and 25 percent in volume to \$17.9 million and 8,185 tons, respectively.

## Majority of U.S. Seed Exports Are Sprouting in Europe



France, usually the largest market in value, registered a 56-percent decline to \$10.7 million. Greece, which recently initiated price ceilings, registered a 32-percent decline in value to \$3.7 million. Exports to Greece in volume terms were off only 6 percent, indicating that Greek farmers consider U.S. seed to be better than seed produced domestically.

Exports of grain sorghum seed were off 43 percent in value and 31 percent in volume to \$17.9 million and 23,700 tons, respectively. Declines in purchases by both Mexico and Venezuela, the two most important markets, accounted for most of the decline.

Although not as important a market as either Mexico or Venezuela, imposition by the EC of a countervailing tax threatens exports to that region. In fact, the process already has begun as 1986/87 exports declined 42 percent in value and 27 percent in volume over the previous year.



The bulk of U.S. exports of grain sorghum seed to the EC are forage sorghum and sorghum/sudan hybrids.

### Joint Efforts Help Make Sales

The American Seed Trade Association (ASTA) and the Foreign Agricultural Service are working closely together to create new markets for planting seeds and expand traditional ones.

Every year, 10 to 15 teams made up of ASTA members, travel overseas to meet with government officials responsible for all facets of regulating the seed business, seed trade associations and others involved in importing U.S. seeds. The teams also give seminars.

In addition, ASTA sponsors visits of groups of foreign seedsmen and government officials to the United States to familiarize them with U.S. seeds and to train them.

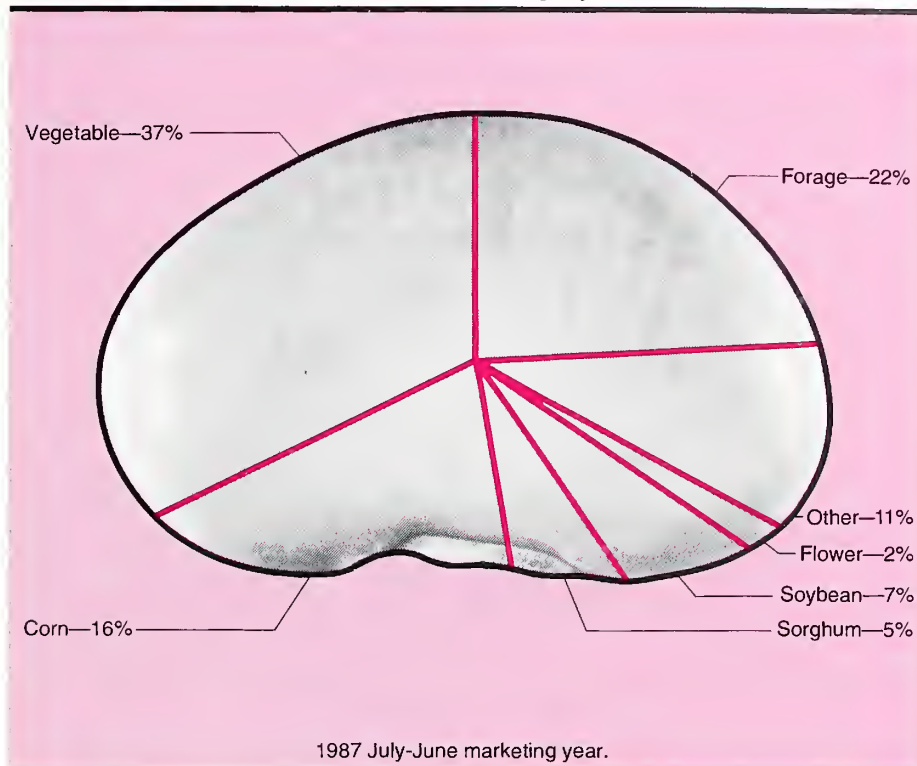
ASTA also is a voting member of many international seed associations, which regulate international terms of trade for seed.

ASTA has a market development program with the Foreign Agricultural Service which has helped boost exports over the past few years. For several years, ASTA has been working with China to open up the potential of that market.

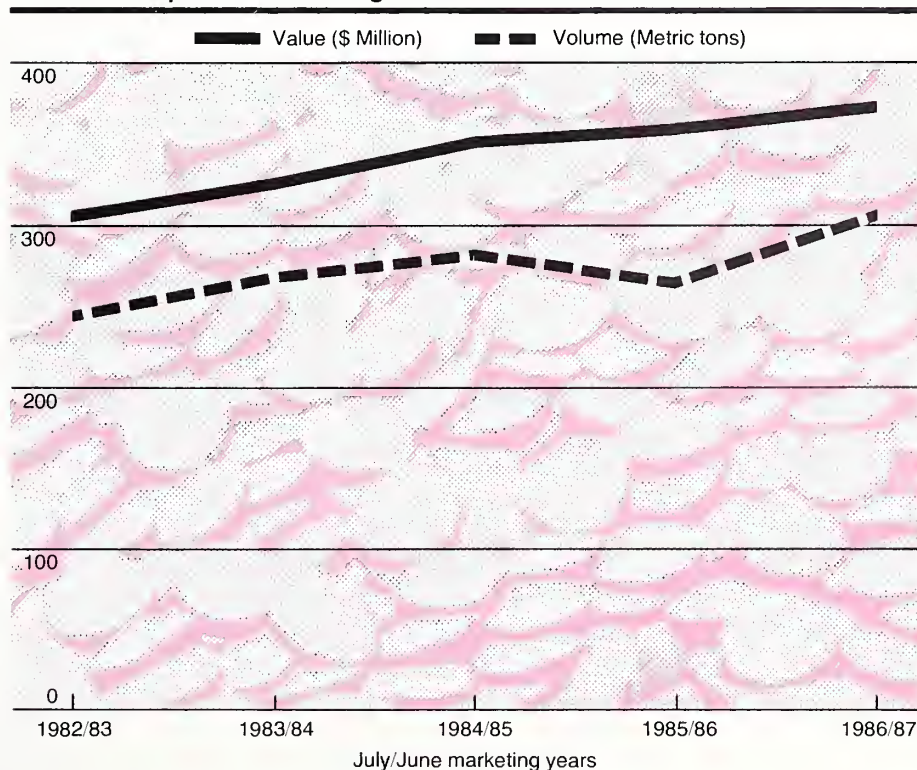
Lately, ASTA's market development program has been given a shot in the arm through additional funding under the Targeted Export Assistance (TEA) program. The TEA program is being used in conjunction with regular market development projects to add emphasis to the importance of China as a market. ■

*The author is with the Tobacco, Cotton and Seeds Division, FAS. Tel. (202) 382-9491.*

### Vegetable Seeds Are Top U.S. Export Category



### U.S. Seed Exports Are Sowing Records



## U.S. Crawfish Are Hit Of the Party in Sweden



**By Shackford Pitcher**

Starting in mid-August, Swedes take a break from their routine and throw parties to celebrate their nation's short crawfish season. This tradition, with roots in Swedish culture going back centuries, is the occasion for millions of Swedes to eat some 60 million of the little, lobster-like crustaceans, often washing them down with shots of aquavit and beer.

For some years, disease has reduced the native crawfish population, threatening the festivities and forcing the Swedes to import around 80 percent of their supplies. Turkey has been the main supplier, but their exports of frozen cooked crawfish to Sweden dropped sharply in 1986 and again in 1987 due to overfishing and fungus disease. U.S. crawfish processors in Louisiana jumped on the opportunity.

This year, Louisiana has become the principal source of Sweden's crawfish, shipping about 1,200 tons at a value of

\$7.9 million. Until 1976, U.S. shipments averaged about 30 tons a year and originated from the U.S. West Coast.

U.S. crawfish have several advantages. One of them is price, with many stores offering them at about \$11 per kilogram when the season started. Fresh Swedish crawfish were selling for roughly \$47-65 a kilogram, but are normally eaten by those who catch them.

Most restaurants serving fresh Swedish crawfish have special arrangements with local fisherman and suppliers. Prices on frozen Turkish crawfish were up sharply in 1987, averaging about \$15 per kilogram.

Perhaps even more important, Louisiana's main catch starts in March and runs three months. The crawfish can be shipped immediately after cooking and freezing, and do not have to be held long in storage before the beginning of the Swedish season.

In recent years, U.S. crawfish did not have much luck on the Swedish market. The Swedes are very particular about the taste, and U.S. processors find it a

challenge to get the right size, dill taste and shell texture. Because of late-season processing, crawfish from Louisiana had overly hard shells during the 1986 season, the first year they were imported.

Three major Swedish importers sent technical staff to the United States for the 1987 season to work with processors.

### Promotion Paved the Way

Contacts were made in late 1986 with two major importers and later with the leading Swedish market chain, ICA, in order to create the right campaign to erase the negative image and re-launch U.S.





crawfish—no mean task, considering that it took Turkish imports three years to gain acceptance.

The office of the U.S. agricultural attache in Stockholm was among the first to recognize the potential for U.S. crawfish sales to Sweden. Promotional work with Swedish importers in late 1986 and a major tasting in June 1987 at the U.S. embassy preceded the approval of a Targeted Export Assistance (TEA) program.

Under that program, USDA, the Louisiana Department of Agriculture and Forestry, the Southern U.S. Trade Association and crawfish exporters cooperated on promotional efforts in Sweden.

A major crawfish tasting, 10 days before the season opening, was held aboard the riverboat *Dixie Queen* in Stockholm harbor. Swedish importers staffed booths displaying the U.S. product prepared in the Swedish style to food editors and buyers for retail supermarket chains and food service industries. The crawfish were well received, and the event received news coverage on national television.

To get the message to the general public, an advertising campaign teased consumers with the slogan, "Now come the Reds from the West," a double reference playing on the color of boiled crawfish and Sweden's neighbors to the east. Timed to appear 10 days before the legal market-opening for retail sales of crawfish, the ads appeared on municipal buses in most major Swedish cities.

Several days before the opening of retail sales, four-color display advertisements stressing "Crawfish from USA" appeared in major daily newspapers.

On the opening day, the U.S. agricultural attache's office co-sponsored an in-store promotion and tasting with Stockholm's leading department store. This activity received excellent coverage in trade newspapers.

The combined efforts resulted in the United States providing more than one-third of Sweden's annual crawfish ration.

Exporters hope they will have their processing geared up for 1988 and not just to fill the gap until the Turkish product is back on the market. In the long-run, exporters want to establish a loyalty to the U.S. product and become known as a dependable supplier of high-quality crawfish. ■

*The author is the U.S. agricultural attache in Stockholm.*

**Diilkokta på svenskt vis.**





## Finland: Knowing the Market Opens Doors to Opportunity



By **Harold A. McNitt**

Finland's cold, rugged climate seems to give its people hearty appetites. On average, every Finn consumes nearly \$4,000 worth of food and drink a year. Add to that a high disposable income, and you have a market ripe for agricultural imports.

Some of the food and beverages on Finnish tables come from the United States. In 1986, the United States exported over \$365 million worth of agricultural commodities to Finland. Major food exports were raisins (\$3.4 million), prunes (\$3.2 million), wheat (\$3 million), apples (\$2.6 million), almonds (\$1.9 million) and rice (\$1.1 million).

Finland could be an even better market for U.S. agricultural products if U.S. exporters took time to study where the opportunities for sales are and how to go about making them.

### Opportunities for U.S. Products

**Nuts.** U.S. exporters of nuts may find a ready market for their products in Finland, which takes the bulk of its imports from the United States. Edible nuts are not subject to licensing or quotas in Finland.

**Dried Fruit.** The Finns buy roughly three-quarters of their raisins from the United States. U.S. raisins face a 4-percent tariff in England, but are free of quotas and licensing restrictions. Prunes and dried mixed fruit also are subject to a 4-percent tariff. The United States supplies most of Finland's prunes, which enter free of restrictions.

**Rice.** In recent years, the United States has been the only supplier of fully processed rice to Finland and a major supplier of brown rice as well.

**Fruits and Vegetables.** Although Finland imports substantial quantities of fruits and vegetables, it uses higher tariffs during the marketing season to protect its farmers from certain imports.

For example, lettuce carries a 35-percent duty during the domestic marketing season and only 10 percent during the rest of the year. Also, exporters would do well to remember that import licenses are issued for most vegetables when domestic supplies are short.



**Meat.** The Finns are self-sufficient in most meats, and prohibit imports of beef and pork when domestic supplies meet their needs. Meat import licenses are issued only if domestic supply does not satisfy demand.

Some authorities are predicting a shortage in the supply of beef in Finland in the next few years, and recommend that exporters get to know prospective importers now.

**Beverages.** Both imported and domestic alcoholic beverages are controlled by ALKO, a state monopoly, which is conservative in stocking new labels. Exceptions are made for beverages with minimal alcohol content. These are sold in food stores. Also, bulk wine is charged lower tariffs than bottled wine.

#### Learn the Trade Rules of the Game

Like many countries in today's protectionist international trade market, Finland maintains trade barriers to protect crops produced by its farmers.

Overall, Finland's trade barriers are no more onerous than those of most countries. They can be dealt with and the potential payoff makes the effort worth it.

Most Finnish tariffs are applied "ad valorem," or in proportion to the value of the import. There also are minimum duties which are frequently charged against imports. For example, the tariff on dried onions is 10 percent ad valorem but not less than 22 cents per kilogram.

Tariffs vary according to the time of year some items are imported. For example, the tariff on U.S. apples in December is low, allowing them to be sold during the holiday season. From July to November, when domestic apples are marketed, the tariff is very high. But no import licenses are issued during this time.

#### Food Labeling Required

According to Finnish food regulations, food packages must contain the name of the manufacturer, packer or importer; the



#### Doing Business in Finland.

**Language.** Finnish is spoken by 94 percent of the population, and Swedish by 6 percent. Most businesses correspond in English or German, but prefer specifications in the metric system for business materials.

**Business.** Banking hours are from 9:15 a.m. to 4:15 p.m. in winter, and are shortened by as much as 45 minutes in the summer. Most business offices are closed on Saturdays. Finnish business executives are hard to reach during July and August because of vacations.

**Population.** Nearly 70 percent of the population of Finland is in the southern one-third of the nation. Helsinki, Tampere and Turku are the three largest cities. Head offices of many of Finland's larger companies are in Helsinki, the capital.

**Transportation.** Most Finnish harbors are icebound in January, February and March, but icebreakers keep major ports open year round. Efficient rail, road and air freight facilities are available throughout Finland.

Finnish buyers prefer quotations on a c.i.f. Finnish port basis. Large firms sometimes handle their own shipping arrangements and are willing to accept f.o.b. U.S. east coast ports. General terms of payment are cash against documents.

**Taxes.** Finland levies a sales tax on nearly all imported and domestic goods. The rate is 16.28 percent of the value of the taxable item. In the case of imports, the tax is collected on the c.i.f. duty paid value of the item.

## Useful Addresses

The Finnish Wholesalers and Importers Association  
(Suomen Tukkukauppojen Liitto)  
PL 150  
SF-00251 Helsinki  
Tel. 358-0441651

The Finnish Cooperative Wholesale Society (SOK)  
Box 460  
00101 Helsinki 10  
Tel. 358-90-1881  
Telex 124456

National Board of Trade and Consumer Interests  
(Elinkeinohallitus)

Haapaniemenkatu 413  
SF-00351 Helsinki  
Tel. 358-0-7031

KESKO Oy  
Box 135-6  
SF-00160 Helsinki  
Tel. 358-0-1981  
Telex 124748

TUKO Oy  
Box 24  
SF-00131 Helsinki  
Tel. 358-0-6191  
Telex 122722

Daily Goods Division  
Box 800  
SF-00101 Helsinki

Tel. 358-0-525 8407  
Telex 124456 SOKPK SF

E-Osuuskunta EKA  
Box 120  
SF-00101 Helsinki  
Tel. 358-0-7331  
Telex 124454

Embassy of Finland  
3216 New Mexico Ave., NW  
Washington, D.C. 20016  
Tel. (202) 363-2430

Finnish-American Chamber of Commerce  
Finland House  
540 Madison Ave.  
New York, NY 10022  
Tel. (212) 832-6550

name of the product in Finnish and Swedish (a foreign name may be used in some instances); the net metric weight or volume; the ingredients in descending order of weight; the expiration date and storage instructions if the food is perishable or intended for infants.

The Finns have strict regulations on the presence of "foreign substances" (herbicides and pesticides) in food. Maximum permissible amounts have been prescribed.

Below are listed four contacts that a U.S. exporter can use to reach almost all food retail and food service enterprises in Finland. They account for 90 percent of retail food sales in the country.

### The Big Four

KESKO is Finland's most rapidly growing retail-wholesale enterprise. It accounted for 41 percent (over \$2.8 billion) of the retail food sold in 1986. It is owned by retail merchants who are shareholders in KESKO. The merchants buy most of their goods from KESKO at lower prices than elsewhere. KESKO usually imports through Finnish agents.

TUKO is a group of 22 privately owned wholesalers who have banded together to



improve their businesses. The group sold \$1.6 billion worth of retail food in 1986. This was 23 percent of the Finnish market. TUKO generally prefers to import directly, not through a Finnish agent.

The Finnish Cooperative Wholesale Society (SOK) is the largest wholesale/retail enterprise in Finland and consists of about 80 co-op societies with a membership of over 600,000. In 1986, SOK's food retail sales were \$1.2 billion, about 16 percent of the market.

SOK also has over 274 restaurants and hotels, and 43 factories. Its factories produce chocolates, margarine, frozen foods, flour, coffee, textiles and clothing, hardware and sporting equipment.

Finland's Central Cooperative Society (EKA) has about 1,200 retail food outlets.

It also operates restaurants, hotels and food-processing plants. EKA's food sales in 1986 were about \$900 million, 13 percent of the Finnish market.

In 1986, there were over 1,700 privately owned, unaffiliated food stores in Finland. Sales for these stores totaled \$530 million, 8 percent of the total food sales.

An estimated 80 million meals are served in Finnish restaurants and cafes each year and another 86 million are dished up in factory and office lunchrooms. In 1986, \$1.7 billion worth of food was sold to all food services. ■

*The author recently retired from USDA's Economic Research Service.*



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## Dominican Republic

### New Markets Opening for Livestock and Beef

The current market situation in the Dominican Republic throughout the beef and dairy sectors signals an excellent opportunity for U.S. exporters of livestock and livestock genetics as well as high-quality beef.

The Dominican government and the private sector are both interested in revitalizing the country's dairy industry and stepping up milk production to the point of self-sufficiency. Their efforts are expected to lead to significant market development opportunities for U.S. dairy and beef cattle semen and feed grain exports.

The surge in tourism in the Dominican Republic also is indicative of a growing market for high-quality beef. Tourism has become the largest foreign exchange earner, having surpassed sugar receipts last year. Tourist arrivals from North American and Europe have increased steadily for the past several years, and this trend is projected to continue through the 1990s. As a result, the market for high-quality beef in tourist hotels and restaurants will continue to improve.—*Lloyd S. Harbert, Agricultural Attache, Santo Domingo.*

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## Japan

### Chicken Consumption Shows Steady Growth

Chicken consumption in Japan continues to make steady gains, encouraged by chicken's low price relative to competing red meats and consumer interest in healthy foods. In 1986, family expenditures on away-from-home meals increased by 5 percent over 1985. Chicken is presumed to figure prominently in the away-from-home market. Results of a Japanese government survey show that 40 percent of total chicken consumption in 1985 occurred at home, 53 percent at restaurants and 7 percent was used at processing plants.

Japan's chicken imports continue to grow in response to the strong yen. Imports of bone-in legs have been exceeded by other types of chicken parts as price-competitive exports of boneless chicken parts from Thailand increase.

Given current trends, the United States apparently will continue to dominate the bulk bone-in legs category of Japan's future chicken imports, and Thailand will dominate the "other parts" category. Since the latter category includes boneless, consumer-ready products (like diced chicken on skewers) for which there is considerable potential for demand growth if the price is right, U.S. exporters may not be able to take advantage of much of the growth in import demand.—*Suzanne K. Hale, Agricultural Trade Officer, Tokyo.*

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## Liberia

### Import Market for Rice Showing Gradual Growth

Liberia relies on imports for about 35 percent of its rice consumption needs. Because farmers rely on traditional practices of shifting, slash-and-burn cultivation, domestic rice production in 1987 and 1988 is expected to increase only modestly in response to increases in area planted. These increases are just about keeping pace with consumption needs in rural areas, but demand in urban areas can only be met through expanded imports. Rice demand in urban areas is forecast to grow by 5 percent annually through 1992, although limited foreign exchange will likely hold import growth below this level. Per capita rice consumption is estimated at 104 to 113 kilograms.

The United States was expected to retain its position as the major supplier of rice to Liberia in 1987. Under Title I of the Food for Peace Program, the United States is supplying about 52,000 tons of rice. In addition, private companies and rubber mining concessions are expected to make commercial purchases of 40,000 tons and 12,000 tons, respectively. In 1986, the government, private companies and rubber concessions purchased a total of 57,344 tons of rice commercially. The major suppliers were the United States (29,834 tons), Thailand (16,000 tons) and Indonesia (11,500 tons). Liberia's imports under the Food for Peace program in 1986 totaled 57,000 tons.—*Richard J. Blabey, Agricultural Attache, Abidjan.*

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## The Netherlands

### Market Ripe for Larger U.S. Apple Sales

Opportunities to sell U.S. apples in the Netherlands—and West Europe in general—have rarely looked as good as they do in 1987/88. First, Washington State is going to harvest possibly the largest crop in its history, which should result in comparatively lower U.S. prices. Washington's Red Delicious and Winesap apples are unique in Western Europe in terms of their quality and appearance. Second, the exchange rate of the dollar is still favoring U.S. exports. And finally, there is a good chance that prices for European apples will be higher than 1986/87, particularly because non-commercial production in West Germany is low.

Consumption of apples in the Netherlands depends a great deal on availability and price. In 1985/86, when apple supplies were relatively small and prices comparatively high, consumption was way down. Use returned to more normal levels in 1986/87 and should continue at normal levels in 1987/88.

The consumption of apples for processing decreased sharply in 1986/87, primarily because of a sharp increase in prices. As a consequence, apple sauce production was discontinued for a time. The making of apple sauce is by far the largest fruit processing activity in the Netherlands. About two-thirds of the production is consumed domestically, while the rest is exported, mostly to West Germany.—*John E. Montel, Agricultural Counselor, The Hague.*

## United Kingdom

### Chicken Rates High With U.K. Consumers

Chicken products continued to benefit from the long-term trend in the United Kingdom toward greater consumption of lighter meats. The biggest ally which chicken has in consumer preference, other than its market price competitiveness, is the trend toward easy-to-prepare light meats with little apparent fattiness.

The range of semiprepared and fully prepared chicken products available in U.K. supermarkets and chain stores continues to widen and the image which these prepared products once had as being relatively expensive is being softened with the rise in purchasing power and the ability of the industry and distributors to keep poultry meat prices relatively steady.

The fast-food sector continues to be an important outlet for poultry meat consumption, and several of the fast-food poultry products are finding their way into the retail trade for home cooking. There is now a large market in the United Kingdom for the poultry equivalent of the fish finger—a crumbed chicken nugget or cube of poultry made of no particular anatomical origin which can be heated through quickly. The popularity of these lines was probably started by fast-food chains, principally McDonalds.

In addition, the market for corn-fed chickens, although small, continues to grow despite the premium price which these birds fetch. One entrepreneur's arrangement for importing very small corn-fed chickens from France has led to several producers in the United Kingdom launching their own lines of corn-fed poultry. The bright yellow corn-fed birds present a marked contrast to the traditionally fed poultry which is almost paper white.

U.S. poultry exporters will once again be able to compete in the United Kingdom now that the long period of stalemate between the United Kingdom and the United States on poultry inspection processes has come to an end. In June 1987, the United States agreed to recognize the British poultry inspection system as eligible to export to the United States. Simultaneously, the United Kingdom agreed to accept USDA's nominations of U.S. plants which could export to Britain. Given the high levies which U.S. poultry exporters still will face, almost all of the trade, certainly in chicken meat, seems bound to be in special high-value items. Whole birds are unlikely to make any impact.—*David Evans, Agricultural Economist, London.*





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